USAID/GDA Secretariat

Annual Report

FY 2004

June 15, 2004

Please Note:

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GDA Secretariat

Performance:

Background
As one of USAID's four pillars, the Global Development Alliance (GDA) recognizes the major change of recent years in the relative importance of U.S. public and private financial resource flows to the developing world. In FY 2000, private flows - a combination of corporate direct investment, remittances, and philanthropic programs of corporate and private foundations, universities and private voluntary organizations - represented 80 percent of such resources. Indeed, a large portion of the private sector is increasingly focusing on corporate social responsibility and understands, and accepts responsibility for responsible management of their supply chain. GDA seeks to engage private partners strategically in supporting development priorities. The creation of public-private alliances with new as well as traditional partners aims to marry USAID development expertise with both the corporate sector's resources, technology and innovative talent and the non-profit sector's understanding of development issues and ability to deliver assistance at the field level. Working together toward common goals, in concert with host country authorities, alliance partners are able to achieve far more than they could individually. The beneficiaries of this effort are those people living in poverty in developing and transition countries who receive expanded and often higher quality services as a result of these public-private alliances.

The GDA Secretariat, a temporary unit charged with initiating public-private alliance creation and integrating alliances as a standard tool within the USAID system, is mandated with the following objectives:

-- change the way the Agency - at all levels and in all regions and sectors - defines its role vis-à-vis other actors in international development;

-- reach out to new partners to work in concert with them and maximize collective achievements in improving the economic, social and political conditions of people in the developing world;

-- work with USAID's traditional partners in this changing environment to engage them in new and creative ways; and

-- clearly demonstrate the commitment of the U.S. Government, through its foreign assistance programs, to work innovatively with others to achieve significant progress in addressing developing country needs notwithstanding the reality of a constrained budget that will never be enough to adequately respond.

U.S. Interests and Goals
The joint Department of State - USAID Strategic Plan, FY 2004-2009, makes the explicit commitment to foster a more democratic and prosperous world integrated into the global economy. The Plan identifies the strategic goals of promoting democracy and human rights, economic prosperity and security, and addressing pressing social and environmental issues as part of the broader U.S. foreign policy objective to promote worldwide stability and security. It articulates the intention to "build public-private partnerships that leverage resources, strengthen international cooperation, and help other countries build their institutional capacity…" to manage their problems.

In a July 2002 speech preparatory to the September 2002 World Summit on Sustainable Development, the Secretary of State stressed that the U.S. had "established the Global Development Alliance to combine the assets of government, business and civil society to work in partnership on implementing sustainable development programs." Accordingly, through the GDA, USAID is inviting and empowering the private sector, broadly defined to include for- and not-for-profit entities, to be a positive actor in the

international development community, together with government and civil society organizations.

Donor and Partner Relations
The principal bilateral and multilateral donors strongly support GDA's public-private alliance approach. In fact, a number of them have realized the value in this approach and have launched similar public-private alliance initiatives. U.N. agencies are active in a number of alliances, especially health and education. Bilateral donors, particularly the U.K., Japan, Canada, the Netherlands, and Germany are also alliance members. As long as strictly private resources constitute at least 25% of total alliance funding, there is no restriction on the participation of public sector entities from other countries.

USAID alliances now include relationships with over 400 partner organizations, including private businesses and associations, non-governmental organizations, philanthropic organizations and higher education institutions, as well as host country and other donor public sector partners. Large organizations such as extractive industries and other Fortune 500 firms, numerous foundations, and small non-governmental organizations such as the Foods Resource Bank are among these partners. Some of USAID's traditional not-for-profit partners have become active themselves in recruiting alliance partners. USAID conducts due diligence on potential corporate partners, examining their public records from a variety of perspectives including product offering, workplace/labor issues, human rights issues, international operations, social responsibility programs, and environmental record.

Challenges
To accommodate the GDA business model, USAID operating units need to adjust their role from one of managing public resources to one of managing relationships among multiple partners for whom focusing on a common development objective is only part of a more complex business plan. This is a significant adjustment which requires learning new skills and takes time to master. Staff and funding shortages have limited the ability of some missions to manage this adjustment, despite the recognition of its merits. The Agency's already stretched staff has had insufficient time to acquire and apply the new skills and practices required for successful alliance-building: time to attend training, to review programs for possible alliance opportunities, to meet with possible partners, as well as to conduct due diligence on potential new Agency partners.

Under the Secretariat's leadership, changes to the Agency's programming policy documents now provide guidance and encouragement to activity managers to consider public-private alliances as a means to implement programs. In order to accommodate outside contributions, GDA Secretariat and USAID legal, procurement, and financial staff have also made creative use of pre-existing but underutilized techniques, such as the acceptance of conditional gifts to be managed by USAID. In addition, the Secretariat has also promoted new governance structures for program oversight, using formal memoranda of understanding similar to those used by private-sector joint ventures. Significant "in-reach" to Agency staff and stakeholders, as well as outreach to traditional and new partners, has taken the form of curriculum development and training workshops on the precepts of public-private alliances as a business model, technical assistance to USAID offices and missions in planning and creating alliances, development of guidance materials, formal reports and public relations materials, website creation and regular updating, and conference participation.

Key Achievements
In FY 2002, the first year of operation, the Secretariat and other USAID units funded 84 alliances with $223 million, leveraging about $1 billion of partner contributions. In FY 2003, well over 100 new and ongoing alliances were funded, (about $250 million of public funds leveraging over $1 billion of partner contributions). In other words, for every dollar provided by USAID, partners provided $4.

In terms of sectoral breakout, agriculture and environment/energy had the largest number of alliances in FY 2002, followed by health (including HIV/AIDS), education, and economic growth. Four alliances were formed specifically to promote information technology (IT), and quite a few of the education alliances also have a significant IT component.

Alliances strongly support the objectives of a number of Presidential Initiatives, such as the Africa

Education Initiative, the Clean Energy Initiative, the Water for the Poor Initiative, and the Initiative to Prevent Illegal Logging. The Sustainable Forest Products Global Alliance is a typical example of the exciting way in which public and private resources can combine to produce greater impact than any single organization could on its own. This nearly $8 million alliance increases both the demand and supply of legally-sourced, certified timber by connecting responsible producers in developing countries to retailers across the U.S. It will increase incomes for local communities and mitigate adverse environmental impacts, while expanding the supply of certified products available to U.S. consumers. Partners include USAID, the U.S. Department of Agriculture Forest Service, Home Depot, IKEA, the World Wildlife Fund, Forest Trends, and Metafore.

Specific alliances are managed and reported by individual operating units, in USAID/W and in the field.

Country Close and Graduation:

During the FY 2004 budget process, the Agency extended the projected life of the Secretariat through September 30, 2004 in order to provide continued, focused attention on successfully mainstreaming the use of public-private alliances throughout the Agency. FY 2003 experience indicates that it is prudent to expect that some continued need for dedicated staff with a limited resource base through FY 2005 (and possibly FY 2006) will be required to maintain the momentum and ensure the GDA pillar maintains its status as a priority for the Agency. The program assessment currently under way will provide the basis for making a decision on whether this staff should continue to be based in the Secretariat, absorbed into a central bureau, or dispatched to regional and pillar bureaus for on-site technical assistance and field support. Assessment results should be available in February 2004.

Results Framework

020-001   Program Development and Learning: Global Development Alliance
020-002   Development Alliance Fund